

# INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 59-22

April 23, 1959

## PROPOSED AMENDMENT OF 26 CFR PART 245, BEER

Brewers and others concerned:

**Purpose.** This Circular is to inform you a notice of proposed rule making to amend 26 CFR Part 245, beer regulations, was published in the Federal Register on April 21, 1959.

**Background.** The Excise Tax Technical Changes Act of 1958, Public Law No. 85-859, amended certain provisions of chapter 51, Internal Revenue Code, relating to beer, effective July 1, 1959. To effect these changes, conforming amendments have been made in the beer regulations. Also, the regulations have been amended to prescribe remedial procedures in those cases where, for any reason, a brewer is in default of any payment of the beer tax.

**Amendments.** The proposed amendments are briefly described below:

1. **Removal for consumption or sale.** This term has been defined in § 245.5 to include (a) the sale and transfer of possession of beer for consumption at the brewery or (b) any removal of beer from the brewery except that such removal shall not include any beer which is returned to the brewery on the same day such beer is removed therefrom for delivery.

2. **Payment of special occupational taxes.** (a) Section 245.75 has been amended to implement section 5142, I. R. C., which requires payment of special taxes on or before the first day of July in each year or on commencing any trade or business on which such tax is imposed.

(b) Section 245.78 has been amended to restate the conditions under which a brewer may be exempted from payment of special tax as a dealer (i) by reason of sales of beer at his principal place of business, and (ii) if a wholesale dealer, by reason of sales of beer consummated at the purchaser's place of business.

3. **Determination of tax on keg beer.** Section 245.113 has been amended to provide that where any keg contains a quantity of beer more than 2 percent in excess of its rated capacity, tax shall be paid on the actual quantity of beer contained in the keg.

4. Transfer of beer between breweries. Section 245.140 has been amended to permit the transfer of untaxpaid beer between breweries owned by corporations which are affiliated within certain specifications.

5. Beer withdrawn from the market. Section 245.160 has been amended to permit refund or credit of tax on beer withdrawn from the market and destroyed or returned to the brewery regardless of transfer of title or reason so withdrawn.

6. Default in payment of beer taxes. Section 245.117a has been added to require prepayment of the beer tax in those cases where a check or money order tendered in payment for taxes is not paid on presentation, or where a brewer is otherwise in default in payment of any beer tax.

Comments. The notice of proposed rule making provides that consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing, in duplicate, to the Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Washington 25, D. C., within 30 days from the date of publication in the Federal Register.

*Dwight E. Avis*

Dwight E. Avis  
Director, Alcohol and Tobacco Tax Division